

1 AN ACT concerning education.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The School Code is amended by changing Sections
5 2-3.131 (as added by Public Act 93-21), 7-14A, and 11E-135 as
6 follows:

7 (105 ILCS 5/2-3.131)

8 Sec. 2-3.131. Transitional assistance payments.

9 (a) If the amount that the State Board of Education will
10 pay to a school district from fiscal year 2004 appropriations,
11 as estimated by the State Board of Education on April 1, 2004,
12 is less than the amount that the State Board of Education paid
13 to the school district from fiscal year 2003 appropriations,
14 then, subject to appropriation, the State Board of Education
15 shall make a fiscal year 2004 transitional assistance payment
16 to the school district in an amount equal to the difference
17 between the estimated amount to be paid from fiscal year 2004
18 appropriations and the amount paid from fiscal year 2003
19 appropriations.

20 (b) If the amount that the State Board of Education will
21 pay to a school district from fiscal year 2005 appropriations,
22 as estimated by the State Board of Education on April 1, 2005,
23 is less than the amount that the State Board of Education paid

1 to the school district from fiscal year 2004 appropriations,
2 then the State Board of Education shall make a fiscal year 2005
3 transitional assistance payment to the school district in an
4 amount equal to the difference between the estimated amount to
5 be paid from fiscal year 2005 appropriations and the amount
6 paid from fiscal year 2004 appropriations.

7 (c) If the amount that the State Board of Education will
8 pay to a school district from fiscal year 2006 appropriations,
9 as estimated by the State Board of Education on April 1, 2006,
10 is less than the amount that the State Board of Education paid
11 to the school district from fiscal year 2005 appropriations,
12 then the State Board of Education shall make a fiscal year 2006
13 transitional assistance payment to the school district in an
14 amount equal to the difference between the estimated amount to
15 be paid from fiscal year 2006 appropriations and the amount
16 paid from fiscal year 2005 appropriations.

17 (d) If the amount that the State Board of Education will
18 pay to a school district from fiscal year 2007 appropriations,
19 as estimated by the State Board of Education on April 1, 2007,
20 is less than the amount that the State Board of Education paid
21 to the school district from fiscal year 2006 appropriations,
22 then the State Board of Education, subject to appropriation,
23 shall make a fiscal year 2007 transitional assistance payment
24 to the school district in an amount equal to the difference
25 between the estimated amount to be paid from fiscal year 2007
26 appropriations and the amount paid from fiscal year 2006

1 appropriations.

2 (e) Beginning on July 1, 2007, the State Board of Education
3 shall adjust prior year information for the transitional
4 assistance calculations under this Section in the event of the
5 creation or reorganization of any school district pursuant to
6 Article 11E of this Code, the dissolution of an entire district
7 and the annexation of all of its territory to one or more other
8 districts pursuant to Article 7 of this Code, or a boundary
9 change whereby the enrollment of the annexing district
10 increases by 90% or more as a result of annexing territory
11 detached from another district pursuant to Article 7 of this
12 Code.

13 (Source: P.A. 93-21, eff. 7-1-03; 93-838, eff. 7-30-04; 94-69,
14 eff. 7-1-05; 94-835, eff. 6-6-06.)

15 (105 ILCS 5/7-14A) (from Ch. 122, par. 7-14A)

16 Sec. 7-14A. Annexation Compensation. There shall be no
17 accounting made after a mere change in boundaries when no new
18 district is created, except that those districts whose
19 enrollment increases by 90% or more as a result of annexing
20 territory detached from another district pursuant to this
21 Article are eligible for supplementary State aid payments in
22 accordance with Section 11E-135 of this Code. Eligible annexing
23 districts shall apply to the State Board of Education for
24 supplementary State aid payments by submitting enrollment
25 figures for the year immediately preceding and the year

1 immediately following the effective date of the boundary change
2 for both the district gaining territory and the district losing
3 territory. Copies of any intergovernmental agreements between
4 the district gaining territory and the district losing
5 territory detailing any transfer of fund balances and staff
6 must also be submitted. In all instances of changes in
7 boundaries, ~~. However,~~ the district losing territory shall not
8 count the average daily attendance of pupils living in the
9 territory during the year preceding the effective date of the
10 boundary change in its claim for reimbursement under Section
11 18-8 for the school year following the effective date of the
12 change in boundaries and the district receiving the territory
13 shall count the average daily attendance of pupils living in
14 the territory during the year preceding the effective date of
15 the boundary change in its claim for reimbursement under
16 Section 18-8 for the school year following the effective date
17 of the change in boundaries. The changes to this Section made
18 by this amendatory Act of the 95th General Assembly are
19 intended to be retroactive and applicable to any annexation
20 taking effect on or after July 1, 2004.

21 (Source: P.A. 84-1250.)

22 (105 ILCS 5/11E-135)

23 Sec. 11E-135. Incentives. For districts reorganizing under
24 this Article and for a district or districts that annex all of
25 the territory of one or more entire other school districts in

1 accordance with Article 7 of this Code, the following payments
2 shall be made from appropriations made for these purposes:

3 (a)(1) For a combined school district, as defined in
4 Section 11E-20 of this Code, or for a unit district, as defined
5 in Section 11E-25 of this Code, for its first year of
6 existence, the general State aid and supplemental general State
7 aid calculated under Section 18-8.05 of this Code shall be
8 computed for the new district and for the previously existing
9 districts for which property is totally included within the new
10 district. If the computation on the basis of the previously
11 existing districts is greater, a supplementary payment equal to
12 the difference shall be made for the first 4 years of existence
13 of the new district.

14 (2) For a school district that annexes all of the territory
15 of one or more entire other school districts as defined in
16 Article 7 of this Code, for the first year during which the
17 change of boundaries attributable to the annexation becomes
18 effective for all purposes, as determined under Section 7-9 of
19 this Code, the general State aid and supplemental general State
20 aid calculated under Section 18-8.05 of this Code shall be
21 computed for the annexing district as constituted after the
22 annexation and for the annexing and each annexed district as
23 constituted prior to the annexation; and if the computation on
24 the basis of the annexing and annexed districts as constituted
25 prior to the annexation is greater, then a supplementary
26 payment equal to the difference shall be made for the first 4

1 years of existence of the annexing school district as
2 constituted upon the annexation.

3 (3) For 2 or more school districts that annex all of the
4 territory of one or more entire other school districts, as
5 defined in Article 7 of this Code, for the first year during
6 which the change of boundaries attributable to the annexation
7 becomes effective for all purposes, as determined under Section
8 7-9 of this Code, the general State aid and supplemental
9 general State aid calculated under Section 18-8.05 of this Code
10 shall be computed for each annexing district as constituted
11 after the annexation and for each annexing and annexed district
12 as constituted prior to the annexation; and if the aggregate of
13 the general State aid and supplemental general State aid as so
14 computed for the annexing districts as constituted after the
15 annexation is less than the aggregate of the general State aid
16 and supplemental general State aid as so computed for the
17 annexing and annexed districts, as constituted prior to the
18 annexation, then a supplementary payment equal to the
19 difference shall be made and allocated between or among the
20 annexing districts, as constituted upon the annexation, for the
21 first 4 years of their existence. The total difference payment
22 shall be allocated between or among the annexing districts in
23 the same ratio as the pupil enrollment from that portion of the
24 annexed district or districts that is annexed to each annexing
25 district bears to the total pupil enrollment from the entire
26 annexed district or districts, as such pupil enrollment is

1 determined for the school year last ending prior to the date
2 when the change of boundaries attributable to the annexation
3 becomes effective for all purposes. The amount of the total
4 difference payment and the amount thereof to be allocated to
5 the annexing districts shall be computed by the State Board of
6 Education on the basis of pupil enrollment and other data that
7 shall be certified to the State Board of Education, on forms
8 that it shall provide for that purpose, by the regional
9 superintendent of schools for each educational service region
10 in which the annexing and annexed districts are located.

11 (4) For a school district conversion, as defined in Section
12 11E-15 of this Code, or a multi-unit conversion, as defined in
13 subsection (b) of Section 11E-30 of this Code, if in their
14 first year of existence the newly created elementary districts
15 and the newly created high school district, from a school
16 district conversion, or the newly created elementary district
17 or districts and newly created combined high school - unit
18 district, from a multi-unit conversion, qualify for less
19 general State aid under Section 18-8.05 of this Code than would
20 have been payable under Section 18-8.05 for that same year to
21 the previously existing districts, then a supplementary
22 payment equal to that difference shall be made for the first 4
23 years of existence of the newly created districts. The
24 aggregate amount of each supplementary payment shall be
25 allocated among the newly created districts in the proportion
26 that the deemed pupil enrollment in each district during its

1 first year of existence bears to the actual aggregate pupil
2 enrollment in all of the districts during their first year of
3 existence. For purposes of each allocation:

4 (A) the deemed pupil enrollment of the newly created
5 high school district from a school district conversion
6 shall be an amount equal to its actual pupil enrollment for
7 its first year of existence multiplied by 1.25;

8 (B) the deemed pupil enrollment of each newly created
9 elementary district from a school district conversion
10 shall be an amount equal to its actual pupil enrollment for
11 its first year of existence reduced by an amount equal to
12 the product obtained when the amount by which the newly
13 created high school district's deemed pupil enrollment
14 exceeds its actual pupil enrollment for its first year of
15 existence is multiplied by a fraction, the numerator of
16 which is the actual pupil enrollment of the newly created
17 elementary district for its first year of existence and the
18 denominator of which is the actual aggregate pupil
19 enrollment of all of the newly created elementary districts
20 for their first year of existence;

21 (C) the deemed high school pupil enrollment of the
22 newly created combined high school - unit district from a
23 multi-unit conversion shall be an amount equal to its
24 actual grades 9 through 12 pupil enrollment for its first
25 year of existence multiplied by 1.25; and

26 (D) the deemed elementary pupil enrollment of each

1 newly created district from a multi-unit conversion shall
2 be an amount equal to each district's actual grade K
3 through 8 pupil enrollment for its first year of existence,
4 reduced by an amount equal to the product obtained when the
5 amount by which the newly created combined high school -
6 unit district's deemed high school pupil enrollment
7 exceeds its actual grade 9 through 12 pupil enrollment for
8 its first year of existence is multiplied by a fraction,
9 the numerator of which is the actual grade K through 8
10 pupil enrollment of each newly created district for its
11 first year of existence and the denominator of which is the
12 actual aggregate grade K through 8 pupil enrollment of all
13 such newly created districts for their first year of
14 existence.

15 The aggregate amount of each supplementary payment under
16 this subdivision (4) and the amount thereof to be allocated to
17 the newly created districts shall be computed by the State
18 Board of Education on the basis of pupil enrollment and other
19 data, which shall be certified to the State Board of Education,
20 on forms that it shall provide for that purpose, by the
21 regional superintendent of schools for each educational
22 service region in which the newly created districts are
23 located.

24 (5) For a partial elementary unit district, as defined in
25 subsection (a) or (c) of Section 11E-30 of this Code, if, in
26 the first year of existence, the newly created partial

1 elementary unit district qualifies for less general State aid
2 and supplemental general State aid under Section 18-8.05 of
3 this Code than would have been payable under that Section for
4 that same year to the previously existing districts that formed
5 the partial elementary unit district, then a supplementary
6 payment equal to that difference shall be made to the partial
7 elementary unit district for the first 4 years of existence of
8 that newly created district.

9 (6) For an elementary opt-in, as described in subsection
10 (d) of Section 11E-30 of this Code, the general State aid
11 difference shall be computed in accordance with paragraph (5)
12 of this subsection (a) as if the elementary opt-in was included
13 in an optional elementary unit district at the optional
14 elementary unit district's original effective date. If the
15 calculation in this paragraph (6) is less than that calculated
16 in paragraph (5) of this subsection (a) at the optional
17 elementary unit district's original effective date, then no
18 adjustments may be made. If the calculation in this paragraph
19 (6) is more than that calculated in paragraph (5) of this
20 subsection (a) at the optional elementary unit district's
21 original effective date, then the excess must be paid as
22 follows:

23 (A) If the effective date for the elementary opt-in is
24 one year after the effective date for the optional
25 elementary unit district, 100% of the calculated excess
26 shall be paid to the optional elementary unit district in

1 each of the first 4 years after the effective date of the
2 elementary opt-in.

3 (B) If the effective date for the elementary opt-in is
4 2 years after the effective date for the optional
5 elementary unit district, 75% of the calculated excess
6 shall be paid to the optional elementary unit district in
7 each of the first 4 years after the effective date of the
8 elementary opt-in.

9 (C) If the effective date for the elementary opt-in is
10 3 years after the effective date for the optional
11 elementary unit district, 50% of the calculated excess
12 shall be paid to the optional elementary unit district in
13 each of the first 4 years after the effective date of the
14 elementary opt-in.

15 (D) If the effective date for the elementary opt-in is
16 4 years after the effective date for the optional
17 elementary unit district, 25% of the calculated excess
18 shall be paid to the optional elementary unit district in
19 each of the first 4 years after the effective date of the
20 elementary opt-in.

21 (E) If the effective date for the elementary opt-in is
22 5 years after the effective date for the optional
23 elementary unit district, the optional elementary unit
24 district is not eligible for any additional incentives due
25 to the elementary opt-in.

26 (6.5) For a school district that annexes territory detached

1 from another school district whereby the enrollment of the
2 annexing district increases by 90% or more as a result of the
3 annexation, for the first year during which the change of
4 boundaries attributable to the annexation becomes effective
5 for all purposes as determined under Section 7-9 of this Code,
6 the general State aid and supplemental general State aid
7 calculated under this Section shall be computed for the
8 district gaining territory and the district losing territory as
9 constituted after the annexation and for the same districts as
10 constituted prior to the annexation; and if the aggregate of
11 the general State aid and supplemental general State aid as so
12 computed for the district gaining territory and the district
13 losing territory as constituted after the annexation is less
14 than the aggregate of the general State aid and supplemental
15 general State aid as so computed for the district gaining
16 territory and the district losing territory as constituted
17 prior to the annexation, then a supplementary payment shall be
18 made to the annexing district for the first 4 years of
19 existence after the annexation, equal to the difference
20 multiplied by the ratio of student enrollment in the territory
21 detached to the total student enrollment in the district losing
22 territory for the year prior to the effective date of the
23 annexation. The amount of the total difference and the
24 proportion paid to the annexing district shall be computed by
25 the State Board of Education on the basis of pupil enrollment
26 and other data that must be submitted to the State Board of

1 Education in accordance with Section 7-14A of this Code. The
2 changes to this Section made by this amendatory Act of the 95th
3 General Assembly are intended to be retroactive and applicable
4 to any annexation taking effect on or after July 1, 2004. For
5 annexations that are eligible for payments under this paragraph
6 (6.5) and that are effective on or after July 1, 2004, but
7 before the effective date of this amendatory Act of the 95th
8 General Assembly, the first required yearly payment under this
9 paragraph (6.5) shall be paid in the fiscal year of the
10 effective date of this amendatory Act of the 95th General
11 Assembly. Subsequent required yearly payments shall be paid in
12 subsequent fiscal years until the payment obligation under this
13 paragraph (6.5) is complete.

14 (7) Claims for financial assistance under this subsection
15 (a) may not be recomputed except as expressly provided under
16 Section 18-8.05 of this Code.

17 (8) Any supplementary payment made under this subsection
18 (a) must be treated as separate from all other payments made
19 pursuant to Section 18-8.05 of this Code.

20 (b)(1) After the formation of a combined school district,
21 as defined in Section 11E-20 of this Code, or a unit district,
22 as defined in Section 11E-25 of this Code, a computation shall
23 be made to determine the difference between the salaries
24 effective in each of the previously existing districts on June
25 30, prior to the creation of the new district. For the first 4
26 years after the formation of the new district, a supplementary

1 State aid reimbursement shall be paid to the new district equal
2 to the difference between the sum of the salaries earned by
3 each of the certificated members of the new district, while
4 employed in one of the previously existing districts during the
5 year immediately preceding the formation of the new district,
6 and the sum of the salaries those certificated members would
7 have been paid during the year immediately prior to the
8 formation of the new district if placed on the salary schedule
9 of the previously existing district with the highest salary
10 schedule.

11 (2) After the territory of one or more school districts is
12 annexed by one or more other school districts as defined in
13 Article 7 of this Code, a computation shall be made to
14 determine the difference between the salaries effective in each
15 annexed district and in the annexing district or districts as
16 they were each constituted on June 30 preceding the date when
17 the change of boundaries attributable to the annexation became
18 effective for all purposes, as determined under Section 7-9 of
19 this Code. For the first 4 years after the annexation, a
20 supplementary State aid reimbursement shall be paid to each
21 annexing district as constituted after the annexation equal to
22 the difference between the sum of the salaries earned by each
23 of the certificated members of the annexing district as
24 constituted after the annexation, while employed in an annexed
25 or annexing district during the year immediately preceding the
26 annexation, and the sum of the salaries those certificated

1 members would have been paid during the immediately preceding
2 year if placed on the salary schedule of whichever of the
3 annexing or annexed districts had the highest salary schedule
4 during the immediately preceding year.

5 (3) For each new high school district formed under a school
6 district conversion, as defined in Section 11E-15 of this Code,
7 the State shall make a supplementary payment for 4 years equal
8 to the difference between the sum of the salaries earned by
9 each certified member of the new high school district, while
10 employed in one of the previously existing districts, and the
11 sum of the salaries those certified members would have been
12 paid if placed on the salary schedule of the previously
13 existing district with the highest salary schedule.

14 (4) For each newly created partial elementary unit
15 district, the State shall make a supplementary payment for 4
16 years equal to the difference between the sum of the salaries
17 earned by each certified member of the newly created partial
18 elementary unit district, while employed in one of the
19 previously existing districts that formed the partial
20 elementary unit district, and the sum of the salaries those
21 certified members would have been paid if placed on the salary
22 schedule of the previously existing district with the highest
23 salary schedule. The salary schedules used in the calculation
24 shall be those in effect in the previously existing districts
25 for the school year prior to the creation of the new partial
26 elementary unit district.

1 (5) For an elementary district opt-in, as described in
2 subsection (d) of Section 11E-30 of this Code, the salary
3 difference incentive shall be computed in accordance with
4 paragraph (4) of this subsection (b) as if the opted-in
5 elementary district was included in the optional elementary
6 unit district at the optional elementary unit district's
7 original effective date. If the calculation in this paragraph
8 (5) is less than that calculated in paragraph (4) of this
9 subsection (b) at the optional elementary unit district's
10 original effective date, then no adjustments may be made. If
11 the calculation in this paragraph (5) is more than that
12 calculated in paragraph (4) of this subsection (b) at the
13 optional elementary unit district's original effective date,
14 then the excess must be paid as follows:

15 (A) If the effective date for the elementary opt-in is
16 one year after the effective date for the optional
17 elementary unit district, 100% of the calculated excess
18 shall be paid to the optional elementary unit district in
19 each of the first 4 years after the effective date of the
20 elementary opt-in.

21 (B) If the effective date for the elementary opt-in is
22 2 years after the effective date for the optional
23 elementary unit district, 75% of the calculated excess
24 shall be paid to the optional elementary unit district in
25 each of the first 4 years after the effective date of the
26 elementary opt-in.

1 (C) If the effective date for the elementary opt-in is
2 3 years after the effective date for the optional
3 elementary unit district, 50% of the calculated excess
4 shall be paid to the optional elementary unit district in
5 each of the first 4 years after the effective date of the
6 elementary opt-in.

7 (D) If the effective date for the elementary opt-in is
8 4 years after the effective date for the partial elementary
9 unit district, 25% of the calculated excess shall be paid
10 to the optional elementary unit district in each of the
11 first 4 years after the effective date of the elementary
12 opt-in.

13 (E) If the effective date for the elementary opt-in is
14 5 years after the effective date for the optional
15 elementary unit district, the optional elementary unit
16 district is not eligible for any additional incentives due
17 to the elementary opt-in.

18 (5.5) ~~(b-5)~~ After the formation of a cooperative high
19 school by 2 or more school districts under Section 10-22.22c of
20 this Code, a computation shall be made to determine the
21 difference between the salaries effective in each of the
22 previously existing high schools on June 30 prior to the
23 formation of the cooperative high school. For the first 4 years
24 after the formation of the cooperative high school, a
25 supplementary State aid reimbursement shall be paid to the
26 cooperative high school equal to the difference between the sum

1 of the salaries earned by each of the certificated members of
2 the cooperative high school while employed in one of the
3 previously existing high schools during the year immediately
4 preceding the formation of the cooperative high school and the
5 sum of the salaries those certificated members would have been
6 paid during the year immediately prior to the formation of the
7 cooperative high school if placed on the salary schedule of the
8 previously existing high school with the highest salary
9 schedule.

10 (5.10) After the annexation of territory detached from
11 another school district whereby the enrollment of the annexing
12 district increases by 90% or more as a result of the
13 annexation, a computation shall be made to determine the
14 difference between the salaries effective in the district
15 gaining territory and the district losing territory as they
16 each were constituted on June 30 preceding the date when the
17 change of boundaries attributable to the annexation became
18 effective for all purposes as determined under Section 7-9 of
19 this Code. For the first 4 years after the annexation, a
20 supplementary State aid reimbursement shall be paid to the
21 annexing district equal to the difference between the sum of
22 the salaries earned by each of the certificated members of the
23 annexing district as constituted after the annexation while
24 employed in the district gaining territory or the district
25 losing territory during the year immediately preceding the
26 annexation and the sum of the salaries those certificated

1 members would have been paid during such immediately preceding
2 year if placed on the salary schedule of whichever of the
3 district gaining territory or district losing territory had the
4 highest salary schedule during the immediately preceding year.
5 To be eligible for supplementary State aid reimbursement under
6 this Section, the intergovernmental agreement to be submitted
7 pursuant to Section 7-14A of this Code must show that staff
8 members were transferred from the control of the district
9 losing territory to the control of the district gaining
10 territory in the annexation. The changes to this Section made
11 by this amendatory Act of the 95th General Assembly are
12 intended to be retroactive and applicable to any annexation
13 taking effect on or after July 1, 2004. For annexations that
14 are eligible for payments under this paragraph (5.10) and that
15 are effective on or after July 1, 2004, but before the
16 effective date of this amendatory Act of the 95th General
17 Assembly, the first required yearly payment under this
18 paragraph (5.10) shall be paid in the fiscal year of the
19 effective date of this amendatory Act of the 95th General
20 Assembly. Subsequent required yearly payments shall be paid in
21 subsequent fiscal years until the payment obligation under this
22 paragraph (5.10) is complete.

23 (6) The supplementary State aid reimbursement under this
24 subsection (b) shall be treated as separate from all other
25 payments made pursuant to Section 18-8.05 of this Code. In the
26 case of the formation of a new district or cooperative high

1 school, reimbursement shall begin during the first year of
2 operation of the new district or cooperative high school, and
3 in the case of an annexation of the territory of one or more
4 school districts by one or more other school districts or the
5 annexation of territory detached from a school district whereby
6 the enrollment of the annexing district increases by 90% or
7 more as a result of the annexation, reimbursement shall begin
8 during the first year when the change in boundaries
9 attributable to the annexation ~~or division~~ becomes effective
10 for all purposes as determined pursuant to Section 7-9 of this
11 Code, except that for an annexation of territory detached from
12 a school district that is effective on or after July 1, 2004,
13 but before the effective date of this amendatory Act of the
14 95th General Assembly, whereby the enrollment of the annexing
15 district increases by 90% or more as a result of the
16 annexation, reimbursement shall begin during the fiscal year of
17 the effective date of this amendatory Act of the 95th General
18 Assembly. Each year that the new, annexing, or resulting
19 district or cooperative high school, as the case may be, is
20 entitled to receive reimbursement, the number of eligible
21 certified members who are employed on October 1 in the district
22 or cooperative high school shall be certified to the State
23 Board of Education on prescribed forms by October 15 and
24 payment shall be made on or before November 15 of that year.

25 (c) (1) For the first year after the formation of a combined
26 school district, as defined in Section 11E-20 of this Code or a

1 unit district, as defined in Section 11E-25 of this Code, a
2 computation shall be made totaling each previously existing
3 district's audited fund balances in the educational fund,
4 working cash fund, operations and maintenance fund, and
5 transportation fund for the year ending June 30 prior to the
6 referendum for the creation of the new district. The new
7 district shall be paid supplementary State aid equal to the sum
8 of the differences between the deficit of the previously
9 existing district with the smallest deficit and the deficits of
10 each of the other previously existing districts.

11 (2) For the first year after the annexation of all of the
12 territory of one or more entire school districts by another
13 school district, as defined in Article 7 of this Code,
14 computations shall be made, for the year ending June 30 prior
15 to the date that the change of boundaries attributable to the
16 annexation is allowed by the affirmative decision issued by the
17 regional board of school trustees under Section 7-6 of this
18 Code, notwithstanding any effort to seek administrative review
19 of the decision, totaling the annexing district's and totaling
20 each annexed district's audited fund balances in their
21 respective educational, working cash, operations and
22 maintenance, and transportation funds. The annexing district
23 as constituted after the annexation shall be paid supplementary
24 State aid equal to the sum of the differences between the
25 deficit of whichever of the annexing or annexed districts as
26 constituted prior to the annexation had the smallest deficit

1 and the deficits of each of the other districts as constituted
2 prior to the annexation.

3 (3) For the first year after the annexation of all of the
4 territory of one or more entire school districts by 2 or more
5 other school districts, as defined by Article 7 of this Code,
6 computations shall be made, for the year ending June 30 prior
7 to the date that the change of boundaries attributable to the
8 annexation is allowed by the affirmative decision of the
9 regional board of school trustees under Section 7-6 of this
10 Code, notwithstanding any action for administrative review of
11 the decision, totaling each annexing and annexed district's
12 audited fund balances in their respective educational, working
13 cash, operations and maintenance, and transportation funds.
14 The annexing districts as constituted after the annexation
15 shall be paid supplementary State aid, allocated as provided in
16 this paragraph (3), in an aggregate amount equal to the sum of
17 the differences between the deficit of whichever of the
18 annexing or annexed districts as constituted prior to the
19 annexation had the smallest deficit and the deficits of each of
20 the other districts as constituted prior to the annexation. The
21 aggregate amount of the supplementary State aid payable under
22 this paragraph (3) shall be allocated between or among the
23 annexing districts as follows:

24 (A) the regional superintendent of schools for each
25 educational service region in which an annexed district is
26 located prior to the annexation shall certify to the State

1 Board of Education, on forms that it shall provide for that
2 purpose, the value of all taxable property in each annexed
3 district, as last equalized or assessed by the Department
4 of Revenue prior to the annexation, and the equalized
5 assessed value of each part of the annexed district that
6 was annexed to or included as a part of an annexing
7 district;

8 (B) using equalized assessed values as certified by the
9 regional superintendent of schools under clause (A) of this
10 paragraph (3), the combined audited fund balance deficit of
11 each annexed district as determined under this Section
12 shall be apportioned between or among the annexing
13 districts in the same ratio as the equalized assessed value
14 of that part of the annexed district that was annexed to or
15 included as a part of an annexing district bears to the
16 total equalized assessed value of the annexed district; and

17 (C) the aggregate supplementary State aid payment
18 under this paragraph (3) shall be allocated between or
19 among, and shall be paid to, the annexing districts in the
20 same ratio as the sum of the combined audited fund balance
21 deficit of each annexing district as constituted prior to
22 the annexation, plus all combined audited fund balance
23 deficit amounts apportioned to that annexing district
24 under clause (B) of this subsection, bears to the aggregate
25 of the combined audited fund balance deficits of all of the
26 annexing and annexed districts as constituted prior to the

1 annexation.

2 (4) For the new elementary districts and new high school
3 district formed through a school district conversion, as
4 defined in subsection (b) of Section 11E-15 of this Code or the
5 new elementary district or districts and new combined high
6 school - unit district formed through a multi-unit conversion,
7 as defined in subsection (b) of Section 11E-30 of this Code, a
8 computation shall be made totaling each previously existing
9 district's audited fund balances in the educational fund,
10 working cash fund, operations and maintenance fund, and
11 transportation fund for the year ending June 30 prior to the
12 referendum establishing the new districts. In the first year of
13 the new districts, the State shall make a one-time
14 supplementary payment equal to the sum of the differences
15 between the deficit of the previously existing district with
16 the smallest deficit and the deficits of each of the other
17 previously existing districts. A district with a combined
18 balance among the 4 funds that is positive shall be considered
19 to have a deficit of zero. The supplementary payment shall be
20 allocated among the newly formed high school and elementary
21 districts in the manner provided by the petition for the
22 formation of the districts, in the form in which the petition
23 is approved by the regional superintendent of schools or State
24 Superintendent of Education under Section 11E-50 of this Code.

25 (5) For each newly created partial elementary unit
26 district, as defined in subsection (a) or (c) of Section 11E-30

1 of this Code, a computation shall be made totaling the audited
2 fund balances of each previously existing district that formed
3 the new partial elementary unit district in the educational
4 fund, working cash fund, operations and maintenance fund, and
5 transportation fund for the year ending June 30 prior to the
6 referendum for the formation of the partial elementary unit
7 district. In the first year of the new partial elementary unit
8 district, the State shall make a one-time supplementary payment
9 to the new district equal to the sum of the differences between
10 the deficit of the previously existing district with the
11 smallest deficit and the deficits of each of the other
12 previously existing districts. A district with a combined
13 balance among the 4 funds that is positive shall be considered
14 to have a deficit of zero.

15 (6) For an elementary opt-in as defined in subsection (d)
16 of Section 11E-30 of this Code, the deficit fund balance
17 incentive shall be computed in accordance with paragraph (5) of
18 this subsection (c) as if the opted-in elementary was included
19 in the optional elementary unit district at the optional
20 elementary unit district's original effective date. If the
21 calculation in this paragraph (6) is less than that calculated
22 in paragraph (5) of this subsection (c) at the optional
23 elementary unit district's original effective date, then no
24 adjustments may be made. If the calculation in this paragraph
25 (6) is more than that calculated in paragraph (5) of this
26 subsection (c) at the optional elementary unit district's

1 original effective date, then the excess must be paid as
2 follows:

3 (A) If the effective date for the elementary opt-in is
4 one year after the effective date for the optional
5 elementary unit district, 100% of the calculated excess
6 shall be paid to the optional elementary unit district in
7 the first year after the effective date of the elementary
8 opt-in.

9 (B) If the effective date for the elementary opt-in is
10 2 years after the effective date for the optional
11 elementary unit district, 75% of the calculated excess
12 shall be paid to the optional elementary unit district in
13 the first year after the effective date of the elementary
14 opt-in.

15 (C) If the effective date for the elementary opt-in is
16 3 years after the effective date for the optional
17 elementary unit district, 50% of the calculated excess
18 shall be paid to the optional elementary unit district in
19 the first year after the effective date of the elementary
20 opt-in.

21 (D) If the effective date for the elementary opt-in is
22 4 years after the effective date for the optional
23 elementary unit district, 25% of the calculated excess
24 shall be paid to the optional elementary unit district in
25 the first year after the effective date of the elementary
26 opt-in.

1 (E) If the effective date for the elementary opt-in is
2 5 years after the effective date for the optional
3 elementary unit district, the optional elementary unit
4 district is not eligible for any additional incentives due
5 to the elementary opt-in.

6 (6.5) For the first year after the annexation of territory
7 detached from another school district whereby the enrollment of
8 the annexing district increases by 90% or more as a result of
9 the annexation, a computation shall be made totaling the
10 audited fund balances of the district gaining territory and the
11 audited fund balances of the district losing territory in the
12 educational fund, working cash fund, operations and
13 maintenance fund, and transportation fund for the year ending
14 June 30 prior to the date that the change of boundaries
15 attributable to the annexation is allowed by the affirmative
16 decision of the regional board of school trustees under Section
17 7-6 of this Code, notwithstanding any action for administrative
18 review of the decision. The annexing district as constituted
19 after the annexation shall be paid supplementary State aid
20 equal to the difference between the deficit of whichever
21 district included in this calculation as constituted prior to
22 the annexation had the smallest deficit and the deficit of each
23 other district included in this calculation as constituted
24 prior to the annexation, multiplied by the ratio of equalized
25 assessed value of the territory detached to the total equalized
26 assessed value of the district losing territory. The regional

1 superintendent of schools for the educational service region in
2 which a district losing territory is located prior to the
3 annexation shall certify to the State Board of Education the
4 value of all taxable property in the district losing territory
5 and the value of all taxable property in the territory being
6 detached, as last equalized or assessed by the Department of
7 Revenue prior to the annexation. To be eligible for
8 supplementary State aid reimbursement under this Section, the
9 intergovernmental agreement to be submitted pursuant to
10 Section 7-14A of this Code must show that fund balances were
11 transferred from the district losing territory to the district
12 gaining territory in the annexation. The changes to this
13 Section made by this amendatory Act of the 95th General
14 Assembly are intended to be retroactive and applicable to any
15 annexation taking effect on or after July 1, 2004. For
16 annexations that are eligible for payments under this paragraph
17 (6.5) and that are effective on or after July 1, 2004, but
18 before the effective date of this amendatory Act of the 95th
19 General Assembly, the required payment under this paragraph
20 (6.5) shall be paid in the fiscal year of the effective date of
21 this amendatory Act of the 95th General Assembly.

22 (7) For purposes of any calculation required under
23 paragraph (1), (2), (3), (4), (5), ~~or (6)~~, or (6.5) of this
24 subsection (c), a district with a combined fund balance that is
25 positive shall be considered to have a deficit of zero. For
26 purposes of determining each district's audited fund balances

1 in its educational fund, working cash fund, operations and
2 maintenance fund, and transportation fund for the specified
3 year ending June 30, as provided in paragraphs (1), (2), (3),
4 (4), (5), ~~and (6)~~, and (6.5) of this subsection (c), the
5 balance of each fund shall be deemed decreased by an amount
6 equal to the amount of the annual property tax theretofore
7 levied in the fund by the district for collection and payment
8 to the district during the calendar year in which the June 30
9 fell, but only to the extent that the tax so levied in the fund
10 actually was received by the district on or before or comprised
11 a part of the fund on such June 30. For purposes of determining
12 each district's audited fund balances, a calculation shall be
13 made for each fund to determine the average for the 3 years
14 prior to the specified year ending June 30, as provided in
15 paragraphs (1), (2), (3), (4), (5), ~~and (6)~~, and (6.5) of this
16 subsection (c), of the district's expenditures in the
17 categories "purchased services", "supplies and materials", and
18 "capital outlay", as those categories are defined in rules of
19 the State Board of Education. If this 3-year average is less
20 than the district's expenditures in these categories for the
21 specified year ending June 30, as provided in paragraphs (1),
22 (2), (3), (4), (5), ~~and (6)~~, and (6.5) of this subsection (c),
23 then the 3-year average shall be used in calculating the
24 amounts payable under this Section in place of the amounts
25 shown in these categories for the specified year ending June
26 30, as provided in paragraphs (1), (2), (3), (4), (5), ~~and (6)~~, and (6.5)

1 and (6.5) of this subsection (c). Any deficit because of State
2 aid not yet received may not be considered in determining the
3 June 30 deficits. The same basis of accounting shall be used by
4 all previously existing districts and by all annexing or
5 annexed districts, as constituted prior to the annexation, in
6 making any computation required under paragraphs (1), (2), (3),
7 (4), (5), ~~and (6)~~, and (6.5) of this subsection (c).

8 (8) The supplementary State aid payments under this
9 subsection (c) shall be treated as separate from all other
10 payments made pursuant to Section 18-8.05 of this Code.

11 (d)(1) Following the formation of a combined school
12 district, as defined in Section 11E-20 of this Code, a new
13 elementary district or districts and a new high school district
14 formed through a school district conversion, as defined in
15 subsection (b) of Section 11E-15 of this Code, a new partial
16 elementary unit district, as defined in Section 11E-30 of this
17 Code, or a new elementary district or districts formed through
18 a multi-unit conversion, as defined in subsection (b) of
19 Section 11E-30 of this Code, or the annexation of all of the
20 territory of one or more entire school districts by one or more
21 other school districts, as defined in Article 7 of this Code, a
22 supplementary State aid reimbursement shall be paid for the
23 number of school years determined under the following table to
24 each new or annexing district equal to the sum of \$4,000 for
25 each certified employee who is employed by the district on a
26 full-time basis for the regular term of the school year:

1	Reorganized District's Rank	Reorganized District's Rank		
2	by type of district (unit,	in Average Daily Attendance		
3	high school, elementary)	By Quintile		
4	in Equalized Assessed Value			
5	Per Pupil by Quintile			
6				3rd, 4th,
7		1st	2nd	or 5th
8		Quintile	Quintile	Quintile
9	1st Quintile	1 year	1 year	1 year
10	2nd Quintile	1 year	2 years	2 years
11	3rd Quintile	2 years	3 years	3 years
12	4th Quintile	2 years	3 years	3 years
13	5th Quintile	2 years	3 years	3 years

14 The State Board of Education shall make a one-time calculation
 15 of a reorganized district's quintile ranks. The average daily
 16 attendance used in this calculation shall be the best 3 months'
 17 average daily attendance for the district's first year. The
 18 equalized assessed value per pupil shall be the district's real
 19 property equalized assessed value used in calculating the
 20 district's first-year general State aid claim, under Section
 21 18-8.05 of this Code, divided by the best 3 months' average
 22 daily attendance.

23 No annexing or resulting school district shall be entitled
 24 to supplementary State aid under this subsection (d) unless the

1 district acquires at least 30% of the average daily attendance
2 of the district from which the territory is being detached or
3 divided.

4 If a district results from multiple reorganizations that
5 would otherwise qualify the district for multiple payments
6 under this subsection (d) in any year, then the district shall
7 receive a single payment only for that year based solely on the
8 most recent reorganization.

9 (2) For an elementary opt-in, as defined in subsection (d)
10 of Section 11E-30 of this Code, the full-time certified staff
11 incentive shall be computed in accordance with paragraph (1) of
12 this subsection (d), equal to the sum of \$4,000 for each
13 certified employee of the elementary district that opts-in who
14 is employed by the optional elementary unit district on a
15 full-time basis for the regular term of the school year. The
16 calculation from this paragraph (2) must be paid as follows:

17 (A) If the effective date for the elementary opt-in is
18 one year after the effective date for the optional
19 elementary unit district, 100% of the amount calculated in
20 this paragraph (2) shall be paid to the optional elementary
21 unit district for the number of years calculated in
22 paragraph (1) of this subsection (d) at the optional
23 elementary unit district's original effective date,
24 starting in the second year after the effective date of the
25 elementary opt-in.

26 (B) If the effective date for the elementary opt-in is

1 2 years after the effective date for the optional
2 elementary unit district, 75% of the amount calculated in
3 this paragraph (2) shall be paid to the optional elementary
4 unit district for the number of years calculated in
5 paragraph (1) of this subsection (d) at the optional
6 elementary unit district's original effective date,
7 starting in the second year after the effective date of the
8 elementary opt-in.

9 (C) If the effective date for the elementary opt-in is
10 3 years after the effective date for the optional
11 elementary unit district, 50% of the amount calculated in
12 this paragraph (2) shall be paid to the optional elementary
13 unit district for the number of years calculated in
14 paragraph (1) of this subsection (d) at the optional
15 elementary unit district's original effective date,
16 starting in the second year after the effective date of the
17 elementary opt-in.

18 (D) If the effective date for the elementary opt-in is
19 4 years after the effective date for the optional
20 elementary unit district, 25% of the amount calculated in
21 this paragraph (2) shall be paid to the optional elementary
22 unit district for the number of years calculated in
23 paragraph (1) of this subsection (d) at the optional
24 elementary unit district's original effective date,
25 starting in the second year after the effective date of the
26 elementary opt-in.

1 (E) If the effective date for the elementary opt-in is
2 5 years after the effective date for the optional
3 elementary unit district, the optional elementary unit
4 district is not eligible for any additional incentives due
5 to the elementary opt-in.

6 (2.5) ~~(a-5)~~ Following the formation of a cooperative high
7 school by 2 or more school districts under Section 10-22.22c of
8 this Code, a supplementary State aid reimbursement shall be
9 paid for 3 school years to the cooperative high school equal to
10 the sum of \$4,000 for each certified employee who is employed
11 by the cooperative high school on a full-time basis for the
12 regular term of any such school year. If a cooperative high
13 school results from multiple agreements that would otherwise
14 qualify the cooperative high school for multiple payments under
15 this Section in any year, the cooperative high school shall
16 receive a single payment for that year based solely on the most
17 recent agreement.

18 (2.10) Following the annexation of territory detached from
19 another school district whereby the enrollment of the annexing
20 district increases 90% or more as a result of the annexation, a
21 supplementary State aid reimbursement shall be paid to the
22 annexing district equal to the sum of \$4,000 for each certified
23 employee who is employed by the annexing district on a
24 full-time basis and shall be calculated in accordance with
25 subsection (a) of this Section. To be eligible for
26 supplementary State aid reimbursement under this Section, the

1 intergovernmental agreement to be submitted pursuant to
2 Section 7-14A of this Code must show that certified staff
3 members were transferred from the control of the district
4 losing territory to the control of the district gaining
5 territory in the annexation. The changes to this Section made
6 by this amendatory Act of the 95th General Assembly are
7 intended to be retroactive and applicable to any annexation
8 taking effect on or after July 1, 2004. For annexations that
9 are eligible for payments under this paragraph (2.10) and that
10 are effective on or after July 1, 2004, but before the
11 effective date of this amendatory Act of the 95th General
12 Assembly, the first required yearly payment under this
13 paragraph (2.10) shall be paid in the second fiscal year after
14 the effective date of this amendatory Act of the 95th General
15 Assembly. Any subsequent required yearly payments shall be paid
16 in subsequent fiscal years until the payment obligation under
17 this paragraph (2.10) is complete.

18 (3) The supplementary State aid reimbursement payable
19 under this subsection (d) shall be separate from and in
20 addition to all other payments made to the district pursuant to
21 any other Section of this Article.

22 (4) During May of each school year for which a
23 supplementary State aid reimbursement is to be paid to a new or
24 annexing school district or cooperative high school pursuant to
25 this subsection (d), the school board or governing board shall
26 certify to the State Board of Education, on forms furnished to

1 the school board or governing board by the State Board of
2 Education for purposes of this subsection (d), the number of
3 certified employees for which the district or cooperative high
4 school is entitled to reimbursement under this Section,
5 together with the names, certificate numbers, and positions
6 held by the certified employees.

7 (5) Upon certification by the State Board of Education to
8 the State Comptroller of the amount of the supplementary State
9 aid reimbursement to which a school district or cooperative
10 high school is entitled under this subsection (d), the State
11 Comptroller shall draw his or her warrant upon the State
12 Treasurer for the payment thereof to the school district or
13 cooperative high school and shall promptly transmit the payment
14 to the school district or cooperative high school through the
15 appropriate school treasurer.

16 (Source: P.A. 94-1019, eff. 7-10-06; incorporates P.A. 94-902,
17 eff. 7-1-06; revised 9-13-06.)

18 Section 99. Effective date. This Act takes effect July 1,
19 2007.